

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of) NO. D2000-76
)
ALLSTATE LIFE INSURANCE COMPANY) FINAL ORDER OF DISMISSAL
and ALLSTATE INSURANCE COMPANY)
)
Authorized Insurers.)

TO: Allstate Life Insurance Company
Thomas J. Wilson II, President
3100 Sanders Road
Northbrook, IL 60062-7154

Allstate Insurance Company
Edward M. Liddy, President
2775 Sanders Road
Northbrook, IL 60062-6127

COPY TO: Christina Beusch, Assistant Attorney General
Office of the Attorney General
P.O. Box 40100
Olympia, WA 98504-0100

COPY TO: Melvin N. Sorensen
Timothy J. Parker
Carney Badley Smith and Spellman
700 Fifth Avenue, Ste. 5800
Seattle, WA 98104

AND TO: Mike Kreidler, Insurance Commissioner
Mike Watson, Chief Deputy Insurance Commissioner
Carol Sureau, Deputy Commissioner, Legal Affairs
PO Box 40255
Olympia, WA 98504-0255

Pursuant to chapter 34.05 RCW, Title 48 RCW and WAC 10-08-210, and after notice to all interested parties and persons, the above-entitled matter arose before Administrative Law Judge Rebekah R. Ross, of the Office of Administrative Hearings, by referral from the Insurance Commissioner with the request that Judge Ross enter an initial decision in the matter. Accordingly, although the hearing was scheduled to commence on October 21, 2002, after numerous interim decisions were made the matter was initially decided on the parties' motions for summary judgment heard by telephone on August 19 and 26, 2002.

On September 4, 2002, Judge Ross entered her initial Order Denying OIC's Motion for Summary Judgment and Granting Allstate's Cross-Motion for Summary Judgment and Initial Order. Said Initial Order 1) ordered that the OIC's Motion for Summary Judgment was denied; 2) that Allstate's Cross-Motion for Summary Judgment was granted; and 3) that the OIC's charges and allegations against Allstate in the July 13, 2000 Notice of Intention to Consider the Revocation or Suspension of the Certificate of Authority of Allstate Life Insurance Company And/or Allstate Insurance Company was reversed.

Subsequently, the hearing file was returned to the undersigned for review of all decisions made in this matter, and entry of a Final Order. Prior to entry of the Final Order, however, the parties requested time to attempt to settle the matter. The parties have now reached a settlement of the matter as documented by Stipulations, Consent and Order executed by the parties on March 27, April 7 and April 22, 2003. Said Stipulations and Consent to Order are attached hereto and are a part hereof.

Pursuant to WAC 10-08-230, and specifically WAC 10-08-230(2), the undersigned has reviewed the Stipulations and Consent to Order herein, which were executed by the parties in settlement of this dispute. Based upon the Stipulations and Consent to Order, it appears that the parties have resolved this dispute in its entirety and therefore it appears to be appropriate to dismiss this proceeding without adoption of any of the decisions of the Administrative Law Judge. The parties should note that the effect of this dismissal is that the undersigned will not complete review of any of the Administrative Law Judge's decisions in this matter and will not adopt any of those decisions. Further, as none of these decisions have been adopted, they have no force or effect.

BASED UPON THE FOREGOING,

IT IS HEREBY ORDERED that, pursuant to RCW 48.14.020(1), Allstate is ordered to pay Two Hundred Seventy Five Thousand Dollars and 00/100 (\$275,000.00) in back premium taxes for the activity described in the foregoing Stipulations and Consent to Order. The payment must be made in full within thirty (30) days of the date of entry of this Order. Failure to pay this sum within thirty (30) days of the date of entry of this Order shall constitute grounds for recovery in a civil action brought on behalf of the Insurance Commissioner by the Attorney General pursuant to RCW 48.05.185.

IT IS FURTHER ORDERED that the undersigned shall not complete review of any of the Administrative Law Judge's decisions, that none of the Administrative Law Judge's decisions in this matter are adopted and therefore none of the Administrative Law Judge's decisions have any force or effect.

ENTERED this 8th day of May, 2003 at Olympia, Washington.

Patricia D. Petersen
Review Judge

OFFICE OF THE INSURANCE COMMISSIONER
STATE OF WASHINGTON

In the Matter of)	No. D2000-76
)	
Allstate Life Insurance Company and)	Stipulations, Consent
Allstate Insurance Company)	and Order
)	
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)	

Allstate Life Insurance Company and Allstate Insurance Company ("Allstate") are authorized insurance companies in Washington State and are therefore governed by Title 48 RCW.

This administrative action was initiated on allegations by the Commissioner's staff that Allstate failed to pay tax on all premium revenue generated from credit insurance business conducted in the State of Washington on coverage provided to accountholders of Sears, Roebuck and Co. ("Sears"). To resolve the issues identified in the following numbered paragraphs and as a negotiated settlement, Allstate has voluntarily executed the Consent to Order contained herein and stipulates to the entry of the Order contained herein.

STIPULATIONS

1. RCW 48.14.020(1) requires insurers to pay the State Treasurer through the Office of the Insurance Commissioner two percent of premiums, subject to certain limited exceptions.
2. From 1993 through 2001, Allstate failed to pay two percent of all premiums charged for credit insurance business on coverage provided to accountholders of Sears.
3. Allstate, by and through the conduct described above, owes back premium taxes not paid for a portion of premiums charged for credit insurance coverage provided to accountholders of Sears.

CONSENT TO ORDER

As this matter is being resolved by consent before the issuance of a final decision of the Insurance Commissioner, the initial decisions of the administrative law judge of the Office of Administrative Hearings have not been adopted and have no force or effect.

The Office of the Insurance Commissioner has offered a settlement to resolve this matter, inclusive of all issues raised by the Office of Insurance Commissioner in its Notices, Motions and Memoranda in matter No. D2000-76.

By agreement of the parties, Allstate consents to pay the sum of Two Hundred and Seventy Five Thousand Dollars and 00/100 (\$275,000.00) as payment of back premium taxes owed pursuant to RCW 48.14.020(1) to settle this matter.

Allstate Life Insurance Company

Office of the Insurance Commissioner

Title

Title

Signed

Date

Signed

Date

Allstate Insurance Company

Title

Signed

Date